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7 April 1965

MEMORANDUM

French-Algerian Relations

1. Relations between France and Algeria have been steadily improving since early 1964. Algeria's continuing reliance on France for trained personnel and for financial assistance are important factors, as is its need for an outlet for excess manpower and a market for exports. De Gaulle considers good relations with Algeria essential to his long-range policy goals; he sees Algeria as the "narrow portal through which passes France's relations with the uncommitted world." He feels that his personal prestige is at stake in so far as the Ben Bella regime is concerned, and he can be expected to lean over backwards to maintain good relations. Moreover, Algeria represents an important strategic interest because of the Saharan oil deposits and is one of France's principal customers.

2. Both governments have exercised restraint in areas of particular interest to the other. Ben Bella has been noticeably reticent about French atomic tests in the Sahara (the French have conducted seven underground tests since the signing of the Evian Accords in July 1962). Algerian news media have not mentioned recent French tests and Ben Bella has made no effort to carry out his 1963 threat to renegotiate the Evian military clauses. France, on the other hand, has discouraged reactivity by Ben Bella's opposition and, at Algeria's request, expelled a prominent opposition representative from Paris last November.

3. In recent months the Ben Bella government has exerted considerable effort to improve its public posture vis-a-vis Paris. Algerian officials have made a point of commenting favorably on French policies, and news media have followed this lead. All but six of the twenty French nationals imprisoned for political reasons were released in January. Early this year Algerian cabinet ministers took part in official welcoming ceremonies for French technicians who had been sent to Algeria in lieu

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of military service. Such efforts at this juncture probably stem from Algeria's desire to create a more favorable atmosphere for negotiations in such critical areas as petroleum and future financial and technical assistance.

4. The oil negotiations, which have dragged on for a year and a half, are expected to end in May at the latest. While France has reportedly gained agreement to its principal objective--that existing concessions will continue to be dealt with under the preindependence petroleum code which carried over under the Evian Agreements--Paris is expected to accede to Algerian requests for a greater cash return from existing production. In view of the probable reduction of French aid with the expiration of the Evian Accords in July 1965, the Algerians attach special importance to obtaining a larger share of oil revenues.

5. Under the Evian Accords, France accepted a three-year obligation to continue economic aid to Algeria on a scale equivalent to that in effect before independence. The French Government is now taking steps to reduce its aid program from the 800 million francs it extended in 1964 to 500 million francs in 1965. However, French acceptance of a new repayment schedule for past treasury advances will mean that Algeria will have roughly the same amount of financial aid available for use in 1965 as it had in 1964. The program will then level off at the figure committed for 1965 for the foreseeable future. Furthermore, from 1965 on, the program will be largely tied to specific impact projects such as construction of a trans-Mediterranean pipeline or a trans-Saharan railroad. The massive economic problems facing the Algerian Government will make Ben Bella reluctant to endanger the aid France brings to the economy.

6. The improved climate of relations between the two countries will be publicly highlighted by a visit to Paris by Ben Bella, who is expected to arrive at the conclusion of the oil negotiations. The meeting, the second between the two presidents, presumably will cement the present satisfactory state of relations.

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